

INSTRUCTIONS

N.J.S.A. 54:15B-1 et seq., imposes a tax on (a) the gross receipts derived or gallons sold from the first sale of petroleum products made to points in New Jersey, and (b) the dollar consideration given or contracted to be given for petroleum products imported or caused to be imported for use or consumption within New Jersey. The tax became effective July 1, 1990.

You may obtain information by contacting: New Jersey Division of Taxation, Office of Communication, PO Box 281, Trenton, New Jersey 08646-0281, or calling the New Jersey Tax Hotline at 609-588-2200.

GENERAL INSTRUCTIONS FOR FILING FORMS PPT-40 and PPT-41

WHO MUST FILE

Any company that makes a sale of petroleum products delivered to a location in New Jersey and sold to a purchaser which is not a distributor or the holder of a direct payment permit must pay a quarterly tax at the rate of 2-3/4% of its gross earnings derived from the first sale of petroleum products within this state.

The tax rate for sales of fuel oils, aviation fuels, and motor fuels subject to tax under R.S. 54:39-1 et seq. shall be converted by an adjustment to a cents per gallon rate. This rate will be adjusted semiannually by the Director on January 1 and July 1 to reflect the average retail price per gallon of unleaded regular gasoline in the State as determined in the most recent retail gasoline price survey by the Board of Public Utilities. The current tax rate is \$.04 per gallon. The reporting of the gallonage subject to tax of fuel oils, aviation fuels, and motor fuels should be in **whole gallons**.

Any company that imports or causes to be imported petroleum products for use or consumption by it within this state on which the tax has not been paid is liable for the tax provided the dollar consideration of all such imported petroleum products exceeds \$5,000 during the quarterly period.

WHEN AND WHERE TO FILE

The quarterly reconciliation return (PPT-40) is due the 25th day of the month following the end of the quarter. A quarterly return must be filed whether or not tax is due.

A monthly remittance (PPT-41) is due for all other months. The remittance is due the 25th day of the month following the end of the month. If the tax obligation on Line 1 of the monthly remittance is zero, no filing of the remittance is required.

The schedule for the monthly remittances and quarterly reconciliations follows. When the due date falls on a weekend or legal holiday, the due date then becomes the next business day.

<u>MONTH</u>	<u>DUE DATE</u>	<u>DOCUMENT REQUIRED</u>
January	February 25	Monthly Remittance (PPT-41)
February	March 25	Monthly Remittance (PPT-41)
March	April 25	Quarterly Reconciliation (PPT-40)
April	May 25	Monthly Remittance (PPT-41)
May	June 25	Monthly Remittance (PPT-41)
June	July 25	Quarterly Reconciliation (PPT-40)
July	August 25	Monthly Remittance (PPT-41)
August	September 25	Monthly Remittance (PPT-41)
September	October 25	Quarterly Reconciliation (PPT-40)
October	November 25	Monthly Remittance (PPT-41)
November	December 26	Monthly Remittance (PPT-41)
December	January 25	Quarterly Reconciliation (PPT-40)

Taxpayers using the New Jersey Electronic Funds Transfer (EFT) Program are not required to file the paper monthly remittance document (PPT-41). Your EFT remittance fulfills this obligation. The quarterly reconciliation (PPT-40) is still required to be filed.

The completed return should be mailed to: State of New Jersey, Division of Taxation, PO Box 243, Trenton, NJ 08646-0243. Make check payable to: State of New Jersey-PPT

MEANING OF TERMS

FOR THE PETROLEUM PRODUCTS GROSS RECEIPTS TAX

GROSS RECEIPTS - All consideration derived from first sales of petroleum products within this State.

PETROLEUM PRODUCTS - Refined products made from crude petroleum and its fractionation products through straight distillation of crude oil or through redistillation of unfinished derivatives.

Petroleum products include, for example, and without limitation: acid oil, alkylates, aromatic chemicals, gasoline, greases (lubricating), hydro-carbon fluid, jet fuels, kerosene, mineral jelly, mineral oils (natural), mineral waxes (natural), naphtha, naphthenic acids, oils and fuel (lubricating and illuminating), paraffin wax, and solvents.

Petroleum products do not include any "manufactured products" which have lost their identity as petroleum product in the manufacturing process.

FIRST SALE OF PETROLEUM PRODUCTS WITHIN NEW

JERSEY - The initial sale of petroleum products delivered to a location in New Jersey and sold to a purchaser which is not a distributor or the holder of a direct payment permit. A "first sale of petroleum products within this State" does not include a book or exchange transfer of petroleum products if such products are intended to be sold in the ordinary course of business.

BOOK TRANSFER - An accounting procedure for simultaneously settling multiple petroleum delivery obligations.

EXCHANGE AGREEMENT - The loaning of a petroleum product by one company to another company to facilitate supply needs at a particular location.

SALES FOR EXPORTATION - Receipts from the sales of petroleum products for which the buyer has issued a properly completed Export Certificate (Form PPT-4).

RESIDENTIAL USE - The sale of numbers 2, 4 and 6 heating oil, propane, and kerosene to be used exclusively for residential use are exempt from tax.

GOVERNMENTAL ENTITIES - Receipts from sales to the State of New Jersey, its agencies, instrumentalities or political subdivisions; the United States of America, its agencies and instrumentalities; and, the United Nations are not subject to tax if they are evidenced by an invoice meeting statutory standards.

EXEMPT ORGANIZATIONS - Receipts from sales to nonprofit entities, qualified as such for sales tax purposes with the New Jersey Division of Taxation, are not subject to tax if they are evidenced by an invoice meeting statutory standards and made pursuant to a written contract extending one year or longer.

GENERAL INSTRUCTIONS - CONTINUED

OTHER EXEMPT SALES - Other exempt sales include sales of (a) asphalt and asphaltic materials, (b) polymer grade propylene used in the manufacture of polypropylene, (c) petroleum products used by marine vessels in interstate or foreign commerce, and (d) aviation fuels used by common carriers in interstate or foreign commerce other than the "burnout" portion.

INVOICE - An invoice meeting statutory standards shall reflect the name and address of the person from whom the petroleum products were purchased, the name of the purchaser, the date of the purchase, the quantity of the produce purchased, the price paid for the purchase of the product, and an acknowledgment by the seller that the payment of the cost of the product to the seller, including the petroleum gross receipts tax due thereon, if appropriate, has been made. The invoice shall be legibly written and shall be void if any corrections or erasures appear on the face thereof.

DIRECT PAYMENT AUTHORITY - A properly documented sale or transfer to the issuer of a valid direct payment permit or distributor is not a first sale of petroleum products within New Jersey.

DISTRIBUTOR - This includes every company wherever resident or located, which imports into this State petroleum products for use, distribution, storage or sale in this State after the same shall reach

this State; and also every company who produces, refines, manufacturers, blends or compounds petroleum products and sells, uses, stores or distributes the same within this State, and which holds a distributors license under the New Jersey Motor Fuels Tax Act. See N.J.S.A. 54:39-3, N.J.A.C. 18:18-1.1.

IMPORTING PETROLEUM PRODUCTS INTO NEW JERSEY - Purchases of petroleum products outside New Jersey for use or consumption in New Jersey are subject to tax. The purchases of petroleum products from outside New Jersey are subject to tax provided that the consideration given or contracted to be given for all such deliveries made during a quarterly period exceeds a threshold of \$5,000. This does not include petroleum products held for sale which would be taxed on the company's gross receipts from first sales of petroleum products within New Jersey. Blending is not considered a use for import purposes.

ACCOUNTING METHODS - Where a company using petroleum products in New Jersey makes purchases in New Jersey and also imports petroleum products into the State, and if, subsequently, it exports petroleum products outside the State by pipeline, barge or tank wagon, for example, such company should use a FIFO accounting method for petroleum products commingled in storage in New Jersey and subsequently exported from the State.

THE NEW JERSEY TAXPAYERS' BILL OF RIGHTS

The Taxpayers' Bill of Rights became law as P.L. 1992, c. 175. The intent of the legislation is to insure that all taxpayers receive the information and assistance they need to understand and meet their State tax responsibilities and to insure that they receive fair and equal treatment in their dealings with the New Jersey Division of Taxation.

Information on the Taxpayers' Bill of Rights is available through the Division of Taxation. Call the New Jersey Tax Hot Line at 609-588-2200 to order "An Overview of the / Taxpayer Bill of Rights" brochure (TBR-101).

PPT-40
SPECIFIC INSTRUCTIONS

THIS RETURN IS ONLY TO BE USED FOR PERIODS BEGINNING JULY 1, 1991

The return reflects two columns labeled "GALLONS" and "RECEIPTS / CONSIDERATION". Gallons should be reported in whole gallons. The sale, importation, or consumption of fuel oils, aviation fuels and motor fuels subject to tax under R.S. 54:39-1 et seq. should be reported in the "GALLONS" Column only. These products will be taxed at a rate of \$.04 per gallon. The gross receipts and dollar consideration of all other petroleum products should be reflected in the "RECEIPTS / CONSIDERATION" Column. This will be taxed at the rate of 2-3/4%. Information pertaining to a given transaction should be in either Column A or B, not both.

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1. If the preprinted information on the return is incorrect, make the necessary corrections on the form.
2. Indicate the year and quarter for which the return is being filed.
3. Enter telephone number of a contact person.
4. Enter the name of a contact person.

Line 1 - Enter the total sales of petroleum products to points in New Jersey from Schedule 1, Column A (gallons sold) or Column B (gross receipts). Include gallons and gross receipts that will be reflected on lines 2a through 2d (deductions and exemptions). DO NOT include gallons or values assigned to book transfers and exchange agreements (as defined in Meaning of Terms).

Line 2a - Enter sales for residential use from Schedule 2A, Columns A and B.

Line 2b - Enter sales to governmental entities and exempt organizations from Schedule 2B, Columns A and B.

Line 2c - Enter other exempt sales from Schedule 2C, Columns A and B.

Line 2d - Enter deductions from Schedule 2D, Columns A and B.

Line 3 - Total lines 2a through 2d.

Line 4 - Subtract line 3 from line 1.

Line 5 - Determine the dollar consideration of petroleum products (other than numbers 2, 4 and 6 heating oil, propane or kerosene for residential use) imported or caused to be imported for consumption within New Jersey on which tax has not been paid. This includes the dollar consideration of fuel oils, aviation fuels and motor fuels. If the dollar consideration of non-taxed imported petroleum products for the quarter is \$5,000 or less, enter -0- in Column B. If the dollar consideration is greater than \$5,000, enter the total gallons of fuel oils, aviation fuels and motor fuels in Column A, and the consideration for all other petroleum products in Column B.

Line 6 - Enter the dollar consideration or gallonage of petroleum products, included in line 5, which were subsequently withdrawn for use outside New Jersey. If a -0- was entered on line 5, Column B, enter -0- in Column B.

Line 7 - Subtract line 6 from line 5. If a -0- was entered on line 5, Column B, enter -0- in Column B.

Line 8 - Enter petroleum products consumed or deemed consumed by aircraft from Schedule A.

Line 9 - Add lines 4, 7 and 8, Columns A and B.

Line 11 - Multiply line 9, Column A by the applicable cents per gallon rate in effect for the quarter. The current tax rate is \$.04 per gallon. Multiply line 9, Column B by .0275 (2-3/4%).

Line 12a - Enter the amount of additional tax due on transactions occurring during a prior period that have subsequently been identified as being taxable. Attach a rider which documents each transaction. Information provided should include the date of the transaction, price, location of the transfer of the product, type of product, additional tax due, late payment penalty (5%), and late payment interest (prime rate plus 3%). The total penalty and interest calculated for each transaction should be included in line 14 along with any other penalty and interest. See PENALTY and INTEREST for additional information.

Line 12b - Enter the amount of tax paid to the purchaser where the initial sale of petroleum product occurred during a prior period upon which the receipts from the initial sale had been included in gross receipts. Attach a rider which documents each transaction. Information provided should include the date of initial sale, price, location of the transfer of the product, quantity of product, type of product sold, reason credit was issued, date credit was issued, and amount of credit issued.

Line 13 - Total lines 11 and 12a, minus line 12b.

Line 14 - Add Columns A and B from line 13.

Line 15 - Separately state and then total (a) monthly remittances made during the quarter and (b) the amount of overpayment credit requested on the previous quarterly return.

Line 16 - Subtract line 15 from line 14.

Line 17 - PENALTY and INTEREST: Enter total penalty and interest computed on lines 10 and 11b.

LATE PAYMENT PENALTY - 5% of the amount paid after the original due date may be imposed.

INTEREST - Effective July, 1993 the annual interest rate is 3% above the average predominant prime rate. Interest is imposed each month or a fraction thereof on the unpaid balance of tax from the original due date to the date of payment. At the end of each calendar year any tax, penalties and interest remaining due will become part of the balance on which interest will be charged.

Interest calculated prior to July, 1993 is charged at 5% above the average predominant prime rate compounded daily on the unpaid balance of tax, penalties and interest from the date the tax was originally due to the date of actual payment.

NOTE: The average predominant prime rate effective July, 1993 is the rate as determined by the Board of Governors of the Federal Reserve System, quoted by commercial banks to large businesses on December 1st of the calendar year immediately preceding the calendar year in which payment was due or as redetermined by the Director in accordance with R.S. 54:48-2.

Line 18 - Add lines 16 and 17.

Line 19 - If line 18 is less than zero, enter overpayment.

Line 20 - Enter the amount of overpayment on line 19 to be either credited to the next quarter, or the amount to be refunded.

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SCHEDULE 1 - SALES OF PETROLEUM PRODUCTS TO POINTS IN NEW JERSEY

Use this schedule to stratify the gallonage or gross receipts from sales of petroleum products to points in New Jersey for the products listed. Enter the totals on line 1, Columns A and B.

SCHEDULE 2A - SALES FOR RESIDENTIAL USE (as defined in Meaning of Terms) - Use this schedule to stratify the gallonage or gross receipts from products sold for residential use. Enter the totals on line 2a, Columns A and B.

SCHEDULE 2B - SALES TO GOVERNMENTAL ENTITIES AND EXEMPT ORGANIZATIONS (as defined in Meaning of Terms) - Use this schedule to stratify gallonage or gross receipts by entity type. Enter the totals on line 2b, Columns A and B.

SCHEDULE 2C - OTHER EXEMPT SALES (as defined in meaning of Terms) - Use this schedule to stratify gallonage or gross receipts that are exempt from the Petroleum Product Gross receipts Tax. Enter the totals on line 2c, Columns A and B.

SCHEDULE 2D - DEDUCTIONS - Use this schedule to stratify gallonage or gross receipts that relate to sales made for exportation, and to distributors or those having direct pay authority. Enter the totals on line 2d, Columns A and B.